

Message Text

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ACTION TRSE-00

INFO OCT-01 AF-06 EUR-12 EA-06 NEA-09 ISO-00 OPIC-03

AEC-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

EB-07 FEAE-00 FPC-01 H-01 INR-07 INT-05 L-02 NSAE-00

NSC-05 OMB-01 PM-03 RSC-01 SAM-01 OES-03 SP-02 SS-15

STR-01 FRB-01 PA-01 PRS-01 USIA-06 XMB-02 /115 W

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R 151813Z JAN 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 7285

INFO AMEMBASSY KUWAIT

AMEMBASSY TRIPOLI

AMEMBASSY ABU DHABI

AMEMBASSY JIDDA

AMEMBASSY TEHRAN

AMEMBASSY CAIRO

AMEMBASSY BEIRUT

AMEMBASSY ALGIERS

AMEMBASSY DAMASCUS

AMEMBASSY TUNIS

AMEMBASSY JAKARTA

AMEMBASSY KHARTOUM

AMEMBASSY AMMAN

AMEMBASSY KABUL

AMEMBASSY ISLAMABAD

AMEMBASSY SANAA

AMEMBASSY RABAT

AMEMBASSY COLOMBO

AMEMBASSY NEW DELHI

AMEMBASSY PARIS

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DEPARTMENT PASS TREASURY

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E.O. 11652: N/A

TAGS: EFIN, UK

SUBJECT: TRIPARTITE INVESTMENT IN LDC'S UTILIZING MIDDLE
EAST OIL FUNDS

REF: LONDON 320

SUMMARY: COMMITTEE ON MIDDLE EAST TRADE (COMET) WOULD BE PLEASED TO BE OF CONTINUING ASSISTANCE. ITS CHAIRMAN IS RELATIVELY OPTIMISTIC ON POSSIBILITIES IN EGYPT. SOME IMPORTANCE IS ATTACHED TO A FINANCIAL TIMES CONFERENCE TO BE HELD IN CAIRO ON MARCH 24-26 AS POSSIBLY PLAYING A CATALYTIC ROLE IN TRIANGULAR INVESTMENT. REMOVAL OF MAJOR US FIRMS FROM BOYCOTT LIST COULD ALSO HELP. END SUMMARY.

1. FOLLOWING UP ON REFTEL, THE FINANCIAL ATTACHE CALLED ON THE RIGHT HONORABLE LORD CHARLES DENMAN, MC, DIRECTOR OF THE COMMITTEE ON MIDDLE EAST TRADE, AND DEPUTY CHAIRMAN OF C. TENNANT SONS & COMPANY LIMITED, AND MR. MICHAEL MORLEY, DIRECTOR AND CHIEF EXECUTIVE OF TENNANT. TENNANT'S PRINCIPAL ACTIVITIES INCLUDE MERCHANT BANKING AND EXPORT FINANCING. DENMAN EXPLAINED THAT HE HAS OVER 25 YEARS BACKGROUND IN THE MIDDLE EAST STEMMING FROM HIS ROLE IN COMET AND AT C. TENNANT. HE HAS BEEN IN EGYPT TWICE SINCE NOVEMBER 1974. HIS FIRM HAS CLOSE LINKS WITH THE EGYPTIAN GOVERNMENT, HAVING MANAGED EGYPTIAN SHORT-TERM MONEY IN LONDON FOR MANY YEARS. HIS MOST RECENT TRIPS TO CAIRO HAVE CONVINCED HIM THAT THE TOP LEVELS IN EGYPTIAN GOVERNMENT SINCERELY WANT THE TRIPARTITE INVESTMENT TO TAKE PLACE. MORELY ADDED THAT HE AND DENMAN WERE BOTH SHOWN A LIST OF PROJECTS THAT EGYPTIAN GOVERNMENT HOPES CAN BE FINANCED FROM WEALTHIER ARAB COUNTRIES (POSSIBLY SAME LIST SHOWN TO TREASURY OFFICIAL NEWMAN). LORD DENMAN FELT THAT THE CLIMATE IN EGYPT AT THE MOMENT IS VERY GOOD FOR MAKING FORWARD MOVEMENT.

2. IN REPLY TO OUR QUESTION ABOUT WHAT CATALYTIC AGENTS OR POSITIVE MEASURES MIGHT BE NECESSARY TO MAKE IT HAPPEN, ASIDE FROM GENERAL EGYPTIAN DESIRES TO SEE PROJECTS FINANCED, DENMAN SAID FINANCIAL TIMES IS PLANNING A MAJOR LIMITED OFFICIAL USE
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CONFERENCE IN CAIRO MARCH 24-26. MANY SERIOUS INVESTORS ARE EXPECTED TO BE PRESENT. DENMAN WILL BE CHAIRING ONE OF THE SESSIONS. EGYPTIANS HAVE RAISED POSSIBILITY OF DAVID ROCKEFELLER PARTICIPATING, ALTHOUGH DENMAN DID NOT HAVE FULL DETAILS.

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3. DENMAN THOUGHT A MAJOR MOVE THAT COULD HELP PROMOTE TRIANGULAR INVESTMENT WOULD BE REMOVAL OF MANY IMPORTANT U.S. MANUFACTURING FIRMS FROM THE ARAB BOYCOTT LIST. IF MANY OF THE MAJOR AMERICAN FIRMS CURRENTLY ON THE LIST COULD BE REMOVED FROM IT, MORE IMMEDIATE PROGRESS MIGHT BE SEEN. IN REPLY TO OUR QUESTION, DENMAN SPECIFICALLY MENTIONED FORD MOTOR COMPANY AND SAID HE HAD RECENT CONVERSATION WITH HENRY FORD ON THE SUBJECT. ONE POSSIBILITY DENMAN RAISED WAS U.S. SUBSIDIARIES IN U.K. RATHER THAN PARENTS IN THE U.S. HANDLING PROJECTS AS A MEANS OF AVOIDING OR POSSIBLY NEGATING BOYCOTT EFFECTS.

4. DENMAN EXPLAINED THAT THE COMET RECEIVES A SMALL GRANT, LESS THAN \$40,000 ANNUALLY, FROM H.M. TREASURY; ENOUGH TO PAY FOR ONE PROFESSIONAL AND ONE SECRETARY. AMOUNT OF GRANT MAY BE INCREASED IN THE FUTURE. COMET RECEIVES NO INSTRUCTIONS FROM THE GOVERNMENT BUT RATHER GENERALLY ATTEMPTS TO PROMOTE U.K. EXPORTS AND ADVISES MINISTRIES AND BANK OF ENGLAND ON HOW COMET THINKS THEY MIGHT MOST PROFITABLY PROCEED. COMET ALSO HAS A LINK WITH THE MIDDLE EAST SECTION ON THE COMMITTEE ON INVISIBLE EXPORTS WHICH HAS BEEN EXTOLLING VIRTUES OF CITY OF LONDON TO MIDDLE EAST OIL PRODUCERS. DENMAN'S 3-YEAR PERIOD AS CHAIRMAN OF COMET COMES TO AN END IN 1975; HE WILL BE REPLACED BY LORD PATRICK LIMERICK, CURRENTLY A DIRECTOR OF KLEINWORT BENSON AND FORMERLY A JUNIOR MINISTER UNDER LAST CONSERVATIVE GOVERNMENT IN THE DEPARTMENT OF TRADE AND INDUSTRY.

5. LORD DENMAN STATED CLEARLY THAT HIS INTEREST IN COMET STEMS IN LARGE PART FROM THE ACTIVITIES OF HIS OWN FIRM. HE SAID C. TENNANT SONS & COMPANY LIMITED IS VERY INTERESTED IN PLAYING A ROLE IN THE MIDDLE EAST, PARTICULARLY IN EGYPT. MESSRS. DENMAN AND MORLEY WOULD BE PLEASED TO SEE KNOWLEDGEABLE VISITING U.S. GOVERNMENT OFFICIALS WHO MIGHT BE IN LONDON FOR FURTHER DISCUSSIONS EITHER OF A GENERAL NATURE CONCERNING COMET AND ITS VIEWS OR MORE SPECIFICALLY ON FINANCING PROJECTS IN WHICH C. TENNANT SONS & COMPANY LIMITED COULD PLAY A ROLE.

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Disposition Approved on Date:
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